

Cited as "1 ERA Para. 70,750"

Standard Gas Marketing Company (ERA Docket No. 87-51-NG), January 22, 1988.

DOE/ERA Opinion and Order No. 218

Order Granting Blanket Authorization To Import Natural Gas

I. Background

On September 24, 1987, Standard Gas Marketing Company (Standard) filed an application with the Economic Regulatory Administration (ERA) of the Department of Energy (DOE), pursuant to Section 3 of the Natural Gas Act (NGA), for blanket authorization to import up to 50 Bcf of natural gas during a two-year period, beginning on the date of the first delivery. Standard, a Delaware corporation with an office in Houston, Texas, plans to import Canadian natural gas for sale in the U.S. short-term and spot markets.

Under the proposal, Standard would import gas from various Canadian suppliers, including Webb International Minerals, Inc., and BP Canada, Inc., both of which are corporate affiliates of the applicant. Standard intends to import the gas for its own account or as an agent for purchasers which are expected to include, but are not limited to, electric utilities, local distribution companies, and industrial and agricultural end-users. The firm states that it would import the subject gas through existing pipeline facilities at the U.S./Canadian international border and does not propose the construction of any new facilities. Standard proposes to file quarterly reports within 30 days following each calendar quarter showing the details of each transaction.

In support of its application, Standard asserts that the flexibility provided under the blanket authorization will enable it to respond to rapid changes in the spot market and that the authorization requested is consistent with other blanket authorizations approved by ERA. In addition, Standard urges that security of supply is not an issue because its proposed sales of imported gas are of short-term duration.

The ERA issued a notice of the application on November 6, 1987,^{1/} inviting protests, motions to intervene, notices of intervention, and comments to be filed by December 7, 1987. A motion to intervene without comment or request for additional procedures was filed by El Paso Natural Gas Company. This order grants intervention to this movant.

II. Decision

The application filed by Standard has been evaluated to determine if the proposed import arrangement meets the public interest requirements of Section 3 of the NGA. Under Section 3, an import is to be authorized unless there is a finding that it is not consistent with the public interest.^{2/} The Administrator is guided by the DOE's natural gas import policy guidelines. Under these guidelines, the competitiveness of an import in the markets served is the primary consideration for meeting the public interest test.^{3/}

This application is similar to other blanket imports approved by the ERA.^{4/} The authorization sought would provide Standard with blanket import approval to negotiate and transact individual, short-term sale arrangements without further regulatory action.

Standard's proposed arrangement for the import of Canadian gas, as set forth in the application, is consistent with the DOE policy guidelines. Further, no party objected to the proposed import. The fact that each spot sale will be voluntarily negotiated, short-term, and market-responsive, as asserted in Standard's application, provides assurance that the transactions will be competitive. Under the proposed import, Standard's customers will only purchase gas to the extent they need such volumes and the price is competitive. Thus, this arrangement will enhance competition in the marketplace.

After taking into consideration all the information in the record of this proceeding, I find that granting Standard authority to import up to 50 Bcf of Canadian natural gas over a term of two years is not inconsistent with the public interest.^{5/}

ORDER

For the reasons set forth above, pursuant to Section 3 of the Natural Gas Act, it is ordered that:

A. Standard Gas Marketing Company (Standard) is authorized to import up to a total of 50 Bcf of natural gas over a two-year period, beginning on the date of first delivery.

B. This natural gas may be imported at any point on the international border where existing pipeline facilities are located.

C. Standard shall notify the ERA in writing of the date of first

delivery of natural gas authorized in Ordering Paragraph A above within two weeks after deliveries begin.

D. With respect to the imports authorized by this Order, Standard shall file with the ERA within 30 days following each calendar quarter, quarterly reports indicating whether purchases of imported gas have been made, and if so, giving, by month, the total volume of the imports in MMcf and the average purchase price per MMBtu at the international border. The reports shall also provide the details of each transaction, including the names of the seller(s), and the purchaser(s), including those other than Standard, estimated or actual duration of the agreement(s), transporter(s), points of entry, market(s) served, and, if applicable, the per unit (MMBtu) demand/commodity charge breakdown of the price, any special contract price adjustment clauses, and any take-or-pay or make-up provisions.

E. The motion to intervene, as set forth in this Opinion and Order, is hereby granted, provided that participation of the intervenor shall be limited to matters specifically set forth in its motion to intervene and not herein specifically denied, and that admission of such intervenor shall not be construed as recognition that it might be aggrieved because of any order issued in these proceedings.

Issued in Washington, D.C., On January 22, 1988.

--Footnotes--

1/ 52 FR 42707, November 6, 1987.

2/ 15 U.S.C. Sec. 717b.

3/ 49 FR 6684, February 22, 1984.

4/ See, e.g., GasMark, Inc., 1 ERA Para. 70,705 (June 11, 1987); ANR Gathering Company, 1 ERA Para. 70,708 (June 29, 1987); American Central Gas Pipeline Corporation, 1 ERA Para. 70,709 (June 29, 1987); American Natural Gas Corporation, 1 ERA Para. 70,719 (August 14, 1987); and Kimball Energy Corporation, 1 ERA Para. 72,720 (August 19, 1987).

5/ Because the proposed importation of gas will use existing pipeline facilities, the DOE has determined that granting this application is clearly not a major Federal action significantly affecting the quality of the human environment within the meaning of the National Environmental Policy Act (42 U.S.C. 4321, et seq.) and therefore an environmental impact statement or

environmental assessment is not required.